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UNCLAS HARARE 000590

SIPDIS

SENSITIVE

STATE FOR AF/S  
NSC FOR SENIOR AFRICA DIRECTOR JFRAZER  
USDOC FOR 2037 DIEMOND  
PASS USTR ROSA WHITAKER  
TREASURY FOR ED BARBER AND C WILKINSON  
STATE PASS USAID FOR MARJORIE COPSON

1E. O. 12958: N/A

TAGS: ECON EINV ETRD ZI

SUBJECT: Finance Head Dislikes Price Controls

11. (SBU) Summary: During a meeting with Ambassador Sullivan, Finance Minister Herbert Murerwa agreed that economic intervention has gone too far. He expressed hope that he and other GOZ moderates will be able to push through reforms that reach beyond last month's devaluation. End summary.

Less International Support?

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12. (SBU) Amb Sullivan recounted that the U.S. has provided about US\$ 130 million total assistance to Zimbabwe during the past year. With the possibility looming that only Zimbabwe among southern African countries will continue to suffer significant food deficiency, he stressed the need for meaningful economic reform and better coordination between the donor community and the GOZ's Grain Marketing Board (GMB). Murerwa concurred that Zimbabwe will require some degree of food assistance, probably in Masvingo as well as Matabeleland North and South. He said he was "unhappy" that the GOZ still subsidized maize-meal "at a horrendous rate." Against Agriculture Minister Joseph Made's opposition, Murerwa told us he has proposed raising the price of maize and allowing the import of white maize at market value. (Note: There is presently little incentive for producers to sell grain to the GMB at controlled prices.)

3 Bilateral Friction Points

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13. (SBU) Expropriations of Amciti Properties: Amb Sullivan protested the GOZ's unlawful seizure of land belonging to five U.S. citizens under fast-track land reform, requesting Murerwa's intercession. The Finance Minister agreed to look at the cases and accepted copies of the Embassy's notes verbal to date.

14. (SBU) Enfeebled Democracy: Murerwa expressed regret that the land issue had soured bilateral relations. Amb Sullivan countered that the USG had long supported land redistribution within a legal framework. He argued that the USG was most concerned with Zimbabwe's undemocratic elections last March and deteriorating human rights record. Murerwa insisted repeatedly that the GOZ's main conflict was with the United Kingdom and not domestic opposition. He expressed outrage at alleged opposition violence in the just-concluded two-day national strike.

15. (SBU) Financial Sanctions: Amb Sullivan gave Murerwa a copy of the March 6 executive order authorizing financial sanctions against Zimbabwe's leaders. Murerwa asked whether sanctions extended to businesses owned by listed Zimbabweans. The Ambassador told him the USG has yet to define these parameters.

Comment

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16. (SBU) Murerwa shares customary ZANU-PF biases, blaming the UK -- rather than suppression of opposition and rule-of-law -- for Zimbabwe's estrangement from much of the international community. However, he is decidedly among GOZ moderates, more empirical than ideological, who are working quietly to rationalize economic policies. We have no doubt the Harvard-trained educator recognizes that the GOZ has gone overboard on self-destructive price controls and other statist policies. He will continue to lobby gingerly for liberalization and against cabinet hard-liners, probably with mixed results.

Sullivan